

WASHINGTON. D.C. – House Committee on Oversight and Government Reform Ranking Member Darrell Issa (R-CA) sent letters today to the Federal Reserve Bank of New York (FRBNY) and AIG requesting “all records and communications referring or relating to the FRBNY’s negotiations with AIG’s credit default swaps (CDS) counterparties that resulted in \$13 billion of debt put on the backs of the American taxpayers.

“Behind closed doors and with no approval from Congress, the FRBNY may have added an additional \$13 billion of debt on the backs of taxpayers. These allegations, if true, amount to nothing less than a backdoor bailout of AIG’s creditors, including Goldman Sachs, Merrill Lynch, Société Générale and Deutsche Bank,” Issa wrote. “The lack of transparency and accountability in this transaction is disturbing enough. However, there is evidence that this \$13 billion expenditure was entirely unnecessary. All of this begs the question why the FRBNY would not drive a better bargain for the American taxpayer. If the FRBNY thought it was necessary to provide another taxpayer bailout of AIG’s counterparties, it should have come to Congress and made its case that this action was necessary.”

“It is also disturbing that, at the time this secret deal was made, FRBNY Chairman Stephen Friedman, a member of the board of Goldman Sachs, purchased more than 50,000 shares of Goldman Sachs before knowledge of the FRBNY’s bailout of Goldman Sachs and other AIG counterparties became public knowledge,” Issa wrote. “According to news reports, this transaction has earned Mr. Friedman over \$5 million in profit. These allegations raise serious questions about the transparency, accountability and wisdom of the FRBNY’s actions. The

American people have a right to know the full details behind the FRBNY's decision to stop negotiations with AIG's counterparties and pay them billions of dollars of taxpayer money."

Ranking Member Issa has asked FRBNY and AIG to provide all records and communications referring or relating to the FRBNY's negotiations with AIG's CDS counterparties, including but not limited to:

a) Emails, phone logs and meeting notes of the following people: Timothy Geithner, Stephen Friedman, Tom Baxter, and Sarah Dahlgren;

b) Term sheets, including drafts, relating to AIG's payments to its CDS counterparties;

c) Emails, phone logs and meeting notes referring or relating to public disclosure of AIG's payments to its CDS counterparties including disclosure to the SEC.

[Click Here](#) to view Ranking Member Issa's Letter to FRBNY

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